

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

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E.O. 11652:N/A

TAGS: CI, US

SUBJECT: DEBT RESCHEDULING AND COPPER DISPUTE

1. FOLLOWING GUIDANCE PREPARED ON IF ASKED BASIS FOR DEPT'S
NOON BRIEFING NOV 12. NO CHILE QUESTIONS MATERIALIZED.

Q. CAN YOU CONFIRM THAT CHILE AND THE USG HAVE REACHED
AGREEMENT ON HOW TO HANDLE COMPENSATION FOR THE EXPROPRI-
ATED COPPER COMPANIES?

A. WE HAVE NOT HAD ANY SUBSTANTIVE DISCUSSIONS WITH THE
NEW CHILEAN AUTHORITIES REGARDING THE COMPENSATION
QUESTION. HOWEVER, WE ARE, OF COURSE, VERY MUCH INTERESTED
IN VARIOUS PUBLIC STATEMENTS AND OTHER INDICATIONS THEY
HAVE GIVEN THAT THE DOOR IS NOT CLOSED TO A POSSIBLE SETTLE-
MENT OF THIS COMPLEX AND DIFFICULT ISSUE.

Q. DOES THE USG STILL INSIST ON COMPENSATION AS A PRECON-
DITION TO RENEGOTIATION OF THE CHILEAN DEBT?

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A. WE CONTINUE TO ADHERE TO THE PROVISIONS OF THE APRIL 19,

1972 MEMORANDUM OF UNDERSTANDING OF THE PARIS CLUB CREDITORS WHEREBY THE CHILEAN DELEGATION REPRESENTING THE ALLENDE GOVERNMENT AGREED TO SEEK PROMPT SOLUTION TO THE COMPENSATION PROBLEM IN ACCORDANCE WITH CHILIAN LEGISLATION AND INTERNATIONAL LAW.

Q. WHAT ABOUT REPORTS OF DIRECT NEGOTIATIONS BETWEEN THE CHILEAN GOVERNMENT AND THE COPPER COMPANIES?

A. WE OF COURSE PREFER THAT ANY DISPUTE INVOLVING US COMPANIES AND FOREIGN GOVERNMENTS BE SETTLED DIRECTLY BY THE PARTIES CONCERNED. IN THIS CASE, YOUR QUESTION WOULD BEST BE ADDRESSED TO THOSE PARTIES.

2. REUTERS NOV 9 ATTRIBUTED TO ORLANDO SAENZ STATEMENTS PURPORTING THAT USG IS PREPARED TO SET ASIDE COMPENSATION ISSUE IN UPCOMING PARIS CLUB. SAENZ ALSO REPORTED TO HAVE SAID USG AND CHILE HAD AGREED TO REACH SOLUTION ON COMPENSATION, THAT COMPENSATION IS "NOW THE PROBLEM OF THE MINING COMPANIES", AND THAT GOC CONTEMPLATES DIRECT DISCUSSIONS WITH KENNECOTT AND ANACONDA. (WASHINGTON POST RAN THIS ACCOUNT UNDER HEADLINE "CHILE: US ISSUE SOLVED.") FBIS-MONITORED RADIO CORPORACION NOV 8 ITEM CITES SAENZ SPEAKING IN SOMEWHAT SIMILAR VEIN TO REPRESENTATIVES OF US FIRMS IN CHILE. RUSH

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